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Budget-conscious consumers and a stronger Japanese yen signal opportunities for U.S. citrus exports

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Report Highlights:

In MY2009/10, "on-year" for Japanese tangerine trees is expected to offset decrease in planting area. Japanese imports of grapefruit are estimated to keep steady, while imports of oranges are expected to increase slightly. Lemon imports are expected to rise as domestic stock situation normalizes. Lower consumption of fresh produce among young consumers remains a concern. Japan lifts MRL-related sanctions on U.S. lemons and oranges.

Commodities:

Citrus, Other, Fresh

Citrus Annual 2009

Tangerines/Mandarins

PS&D tables

Tangerines/Mandarins, Fresh Japan	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted*	60,880	60,880	60,850	59,380	59,380	59,150			57,650
Area Harvested	57,840	57,840	57,810	56,260	56,260	56,210			54,710
Bearing Trees	34,704	34,704	34,686	33,756	33,756	33,726			32,826
Non-Bearing Trees	5,472	5,472	5,472	5,616	5,616	5,292			5,292
Total No. Of Trees	40,176	40,176	40,158	39,372	39,372	39,018			38,118
Production#	1,197	1,197	1,193	1,060	1,062	1,018			1,097
Imports	10	10	10	10	10	9			9
Total Supply	1,207	1,207	1,203	1,070	1,072	1,027			1,106
Exports	5	5	5	3	6	3			3
Fresh Dom. Consumption	1,068	1,068	1,065	959	958	916			975
For Processing	134	134	133	108	108	108			128
Total Distribution	1,207	1,207	1,203	1,070	1,072	1,027			1,106

* Area measured in hectares

Production measured in Thousands of metric tons

Production

Post estimates Japanese production of fresh tangerines/mandarins in MY2009/10 to be approximately 1,097,000 metric tons, slightly higher than last season. This estimate includes the “unshu mikan”, “iyokan” and “hassaku” varieties. The production of “unshu mikan” tangerines is by far the largest Japanese tangerine crop. Despite a decrease in the harvesting acreage, this season, Japanese tangerines are experiencing what is typically referred to as an “on-year.” As part of the tree’s natural production cycle, every other year trees commonly bear more fruit than the previous year. Hence, for MY2009/10 post estimates the total “unshu mikan” tangerine production to be 1,000,000 metric tons, approximately a 10 percent increase over the previous season. Other tangerine varieties such as “iyokan” and “hassaku” are also important in Japan. Post estimates the MY2009/10 production of “iyokan” and “hassaku” to be 56,000 and 41,000 metric tons, respectively.

Early crop varieties constitute approximately 60 percent of nation's tangerine trees with their harvesting season starting in September and continuing until November. The remainder of tangerine trees is made up of regular crop varieties harvested from November to December. The "Iyokan" and "hassaku" tangerines are late-crop varieties and are harvested in January and February.

This season, while a few typhoons passed by the islands of Japan no major damages were reported by "unshu mikan" tangerine growers. Growers do report that since drought hit the tangerine growing region in the late summer, this season's crop has small-sized fruit. However, as this year is an "on-year" for the unshu mikan trees, growers are expecting more fruit per tree than last season.

Nonetheless, the nation's harvesting acreage for "unshu mikan" tangerines continues to decline. Growers are abandoning inefficient production fields located in steep hills or citrus groves with aging trees. Seeking a higher return on their investments, growers are also substituting "unshu mikan" trees with different citrus tree varieties. These trends contributed significantly to the reduction in total acreage. Thus, harvesting acreage for "unshu mikan" tangerines is expected to be approximately 47,300 hectares in the MY2009/10; down from 48,300 hectares in MY2008/09.

Under the guidance of the Ministry of Agriculture, Forestry and Fisheries (MAFF) through the Japanese Agriculture (JA) grower cooperatives, "unshu mikan" growers meet early in the season to discuss growing conditions and report on their estimated production. Seeking to avoid depressing the domestic price and minimize losses, "unshu mikan" growers agree on a volume of production that will be available to all sectors of the Japanese market. Hence, every year, the growers committee known as the "National Fruit Grower's Shipment Stabilization Committee" establishes a volume guideline. If necessary, farmers adjust production volume by pruning trees in accordance with the guideline. According to the Committee's guideline for MY2009/10 "unshu mikan" tangerine production is estimated at one million metric tons. Detailed utilization for commercial shipments is as follows:

MY2009/10 "unshu mikan" tangerine commercial shipments	
Estimated Production	1,000,000 metric tons
Adequate Commercial Shipments	890,000 metric tons
(of that, Shipments to Fresh Market)	775,000 metric tons
(of that, Shipments to the Processing Sector)	115,000 metric tons

(Source: Ministry of Agriculture, Forestry & Fisheries)

Consumption

According to the Ministry of Internal Affairs and Communications (MIC), in 2008 Japanese annual consumption of fresh tangerines was approximately 15.0 kilogram per household with total expenditures of \$53.68 (4,713 yen).^{*} This is the average consumption per (two-or-more people) household. Japanese household expenditures are slightly lower than last year. In Japan, older people tend to eat more tangerines than younger people. People ages 60 to 69 ate 19.5 kilograms of tangerines in 2008; while people ages 30 to 39 had only 6.2 kilograms. People under 30 years old ate only 3.6 kilograms. The fact that younger people are eating less fresh tangerines than older people is a matter of concern for Japan's citrus market.

** The exchange rate of 87.80 yen per dollar is based on the Nikkei News quote on December 3, 2009.*

Trade

Post estimates Japanese imports of fresh tangerines in MY 2009/10 to be approximately 9,000 metric tons, similar to the MY2008/09 level. The United States supplied 7,160 metric tons of fresh tangerines to Japan in the MY2008/09, valued at approximately \$10.0 million (CIF). U.S. tangerine supplies were slightly lower compared to the previous year. Other suppliers to the Japanese market include Australia and to a much lesser extent New Zealand and Chile.

Japanese exports of tangerines are fairly small. In MY 2008/09, Japanese exports were lower than last season, approximately 3,300 metric tons and valued at \$4.6 million (FOB). The majority of exports, approximately 2,900 metric tons, went to Canada. Almost 300 metric tons went to neighboring Asian countries. Japan also ships a small amount of tangerines to the United States, approximately 109 metric tons in MY2008/09, down from last season. In MY 2009/10, traders expect to export a similar amount to the U.S. market.

Price Tables (Japanese mikan tangerines)

Wholesale Prices (Average)		Retail Prices (Average)	
Commodity: Tangerines/Mandarins, Fresh		Commodity: Tangerines/Mandarins, Fresh	
Prices in : Japanese Yen		Prices in : Japanese Yen	
Per uom: KG		Per uom: KG	
	(Yen/KG)		(Yen/KG)
2008		2008	
October	¥158	October
November	¥207	November	¥441
December	¥218	December	¥473
2009		2009	

Non-Bearing Trees	0	0	0	0	0	0			0
Total No. Of Trees	0	0	0	0	0	0			0
Production#	0	0	0	0	0	0			0
Imports	188	188	188	180	180	180			180
Total Supply	188	188	188	180	180	180			180
Exports	0	0	0	0	0	0			0
Fresh Dom. Consumption	188	188	188	180	180	180			180
For Processing	0	0	0	0	0	0			0
Total Distribution	188	188	188	180	180	180			180

* Area measured in hectares

Production measured in Thousands of metric tons

Production

Japan does not produce grapefruit.

Consumption

According to the Ministry of Internal Affairs and Communications (MIC), in 2008 Japanese annual consumption of grapefruit was approximately 2.5 kilograms per household with total expenditures of \$7.90 (694 yen).^{*} This is the average consumption per (two-or-more people) household. People ages 60 to 69 ate 3.3 kilograms of grapefruit in 2008; while people in ages from 30 to 39 ate 1.4 kilograms. People under 30 years old ate only 0.7 kilograms. Given the state of the economy and the general trend among young consumers to eat less fresh produce total annual consumption was down from last season.

^{*} The exchange rate of 87.80 yen per dollar is based on the Nikkei News quote on December 3, 2009.

Trade (Imports)

The United States is the largest supplier of fresh grapefruit to Japan, supplying approximately 63 percent of total Japanese imports. South Africa is the other major supplier to Japan, sharing approximately 34 percent of total grapefruit imports. For MY 2009/10, post estimates Japanese imports of fresh grapefruit to be approximately 180,000 metric tons, a similar to MY 2008/09. The United States supplied 115,600 metric tons of fresh grapefruit in the MY 2008/09, valued at approximately \$125 million (CIF).

Japan is still in the midst of an economic recession with relatively high unemployment and fairly conservative consumers. While Japan has been in a recession for more than 14 months, Tokyo grapefruit-traders hope for a minor recovery in 2010. The current strong yen situation also encourages Japanese importers to increase their trade. The current exchange rate is 87.80 yen per dollar based on the Nikkei News quote on December 3, 2009, while the exchange rate was 95.52 yen per dollar approximately a year ago. As these two elements may offset each other, post anticipates imports to remain steady.

According to Tokyo traders, in MY 2009/10 Japanese imports of Florida grapefruit are expected to be approximately 6.0 million cartons or 102,000 metric tons, similar to MY 2008/09. The weight per carton for Florida grapefruit is approximately 17 kilograms. In November 2009, the new Florida grapefruit crop arrived in Japan marking the start of the Florida grapefruit season. The trade volume is expected to increase during the Christmas holiday season and it is expected to peak around March and April when the grapefruit flavor reaches maturity. Traders also report that the new crop has smaller sized fruit due to relatively short rainfalls during the growing season but assure that the crop has high quality fruit with good flavor. The shipment ratio between white grapefruit and red/ruby ones is expected to be 40 and 60 percent, respectively. Texas and California are also important suppliers of grapefruit to the Japanese market. Texas supplies ruby/red grapefruit in the fall season and California's peak season is in early summer.

South African grapefruits are largely sold in the summer season and therefore do not compete directly with Florida fruit in the Japanese market. South Africa's new crops arrive in Japan in June and are actively sold until Florida's new crops arrive in the fall.

Lately, South African grapefruits have played an important role in the Japanese market, fulfilling approximately 34 percent of Japan's grapefruit trade. In May 2009/10, Japanese traders expect the South African shipments to be approximately 4.0 million cartons (including shipments from Swaziland) or 60,000 metric tons, similar to MY 2008/09. The weight per carton is approximately 15 kilograms. South Africa (including Swaziland) supplied 60,700 metric tons in the MY 2008/09, valued at approximately \$41.4 million (CIF). Post anticipates that South African sales will remain about the same as importers do not want to depress prices by flooding the market.

Israel supplies a green-colored grapefruit variety called "Sweetie" to the Japanese market but it does not compete with U.S. grapefruit. The trade volume of Sweeties is not large, approximately 4,000 to 5,000 metric tons each year. The peak season lies in December and January. According to industry sources, this year's crop quality is fairly good. Hence, in MY 2009/10 Sweetie sales are expected to return to normal levels with sales of approximately 300,000 cartons or 5,000 metric tons. In

MY2008/09, Israel Sweetie supply to Japan was much lower with sales of about 3,727 metric tons valued at \$5.4 million (CIF).

Price Tables (Grapefruit, Fresh)

Import CIF Prices (Average)		Wholesale Prices (Average)		Retail Prices (Average)	
Commodity: Grapefruit, Fresh		Commodity: Grapefruit, Fresh		Commodity: Grapefruit, Fresh	
Prices in : US Dollar		Prices in : Japanese Yen		Prices in : Japanese Yen	
Per uom: KG		Per uom: KG		Per uom: KG	
	(US Dollar/KG)		(Yen/KG)		(Yen/KG)
2008		2008		2008	
October	\$1.08	October	¥129	October
November	\$1.30	November	¥141	November	¥299
December	\$1.25	December	¥158	December	¥348
2009		2009		2009	
January	\$1.10	January	¥157	January	¥339
February	\$1.03	February	¥149	February	¥324
March	\$1.06	March	¥149	March	¥297
April	\$1.07	April	¥156	April	¥302
May	\$0.97	May	¥158	May	¥301
June	\$0.83	June	¥149	June	¥292

July	\$0.61		July	¥142		July	¥295
August	\$0.65		August	¥132		August	¥281
September			September	¥121		September	¥287
October			October			October	¥263
November			November			November	¥277
Source: Japan Customs			Source: MAFF			Source: MIC	

Import prices are average import CIF prices.

Wholesale prices are average wholesale prices at the major wholesale markets.

Retail prices are average retail prices in the Metro Tokyo area.

Policy (SPS Issues)

In Japan, monitoring for chemical residues on imported products is conducted by the Ministry of Health, Labor and Welfare's (MHLW) quarantine offices. In addition, imported crops, along with domestically produced crops, are also monitored at the retail level by local government laboratories.

Currently, no chemical minimal residue level (MRL) violations have been found in imports of fresh U.S. grapefruit. MRLs for crops and chemicals can be found in the following website: <http://www.mrlatabase.com/>

MHLW procedures for MRL violations are stated in the MHLW Monitoring Programs for Imported Food Products. The FY2009 Monitoring Plan is available in English at <http://www.mhlw.go.jp/topics/yunyu/keikaku/09/english.html>
<http://www.mhlw.go.jp/topics/yunyu/keikaku/dl/09c.pdf>

As for plant quarantine issues, no major trade disruptions have been reported in U.S. grapefruit trade to Japan.

Import Duties (Grapefruit, Fresh)

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE (%)
0805.40-000	Fresh Grapefruit	10 %
All duties are charged on a CIF basis. Source: Customs Tariff Schedules of Japan 2009.		

Oranges

PS&D Tables (Oranges, Fresh)

Fresh Oranges, Japan	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Po st	USDA Official Data		Old Po st	USDA Offici al Data		Jan
			Data			Data			Data
Area Planted	88 0	88 0	880	80 0	80 0	800			710
Area Harvested	87 0	87 0	870	79 0	79 0	790			700
Bearing Trees	52 2	52 2	522	47 4	47 4	474			420
Non-Bearing Trees	18	18	18	18	18	18			18
Total No. Of Trees	54 0	54 0	540	49 2	49 2	492			438
Production*	9	9	9	8	8	8			6

Imports	99	99	99	90	90	94			100
Total Supply	108	108	108	98	98	102			106
Exports	0	0	0	0	0	0			0
Fresh Dom. Consumption	108	108	108	98	98	102			106
For Processing	0	0	0	0	0	0			0
Total Distribution	108	108	108	98	98	102			106

* Production measured in thousand of metric tons.

PS&D Tables (Orange Juice)

Juice	Orange Japan		2007			2008			2009		
			2007/2008			2008/2009			2009/2010		
			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
			USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Officia l Data		Jan
					Data			Data			Data
Deliv. To Processors	0	0	0	0	0	0			0		
Beginning Stocks	17,000	17,000	17,000	10,000	10,000	10,000			5,000		
Production	0	0	0	0	0	0			0		
Imports*	74,608	74,608	68,726	74,000	74,000	66,214			65,000		
Total Supply	91,608	91,608	85,726	84,000	84,000	76,214			70,000		
Exports	0	0	0	0	0	0			0		
Domestic Consumption	81,608	81,608	75,726	79,000	79,000	71,214			65,000		
Ending Stocks	10,000	10,000	10,000	5,000	5,000	5,000			5,000		
Total Distribution	91,608	91,608	85,726	84,000	84,000	76,214			70,000		

*Imports measured in metric tons based on 65 Brix.

Production

Japan produces a small amount of navel oranges. The production is approximately 6,000 metric tons annually in an area of approximately 700 hectares. Japanese production of navel oranges has been declining rapidly each year and continues to decline. Japanese farmers are losing interest in growing navel oranges as their quality and price cannot compete with imports from the U.S. or Australia.

Consumption

According to the Ministry of Internal Affairs and Communications (MIC), in 2008 Japanese annual consumption of fresh oranges was approximately 1.6 kilograms per household with the total

expenditures of \$6.22 (546 yen). This is the average consumption per (two-or-more-people) household. In terms of consumption by age group, people over 70 years old consumed the most at 2.1 kilograms while people under 29 ate only 0.6 kilograms. Industry sources report that approximately 60 percent of fresh oranges are consumed at home and the rest are consumed at food service locations.

** The exchange rate of 87.80 yen per dollar is based on the Nikkei News quote on December 3, 2009.*

Trade (Imports)

The United States supplies fresh oranges to the Japanese market all year round, supplying over 70 percent of total Japanese imports. Southern Hemisphere countries such as Australia, South Africa and Chile are also important players in the Japanese orange market, supplying product from July through November, when U.S. shipments are relatively low.

According to industry sources, the MY 2009/10 California orange production will normalize, increasing approximately 16 percent from MY 2008/09. Last season's crop was unusually low given unfavorable weather conditions. California's new crop of navel oranges arrived in mid-November 2009 and Tokyo traders expect that the trade volume will gradually increase around the Christmas holiday season. Industry sources also indicate that the quality of the new crop is excellent. The new crop is also said to have small to medium sized fruit that suits the taste of Japanese consumers. Navel orange shipments will continue until May, while California Valencia orange shipments will likely start in April.

Navels and Valencia oranges share by far the largest sales in Japan. However, Minneola Tangelos and other less-known U.S. varieties such as Cara Cara and Moro oranges may have high potential in the Japanese market. Minneola oranges can be easily peeled which Japanese consumers favor. Japanese traders are expecting to annually sell 200,000 to 300,000 cartons (based on a 17-kilogram carton) of California Minneola oranges. Minneola Tangelos are shipped to Japan in carton boxes that are 2/3 of the regular sized box. Compared to regular oranges, tangelos are a softer and smaller fruit. Hence, tangelos are sold in smaller boxes, making them easier to sell at the retail level. The Cara Cara orange variety is still an up-and-coming product in Japan. Traders expects to sell approximately 2,700 cartons (based on a 17-kilogram carton) of Cara Cara oranges. Cara Cara orange is packaged in a 9-kilogram box. Given the smaller number of Cara Cara oranges per box, this variety often sells for twice as much as the price of navel oranges. Moro oranges, often called "blood oranges" since the flesh of the fruit is dark red, enjoy popularity among Japanese restaurant chefs and hotel managers. Approximately 1,700 cartons (based on a 17-kilogram carton) are expected to sell in Japan annually. Moro orange is also

packaged in a 9-kilogram box. As these specialized varieties are relatively new to the Japanese palate, sales are expected to remain about the same as last year.

Price Tables (Oranges, Fresh)

Import CIF Prices (Average)		Wholesale Prices (Average)		Retail Prices (Average)	
Commodity: Oranges, Fresh		Commodity: Oranges, Fresh		Commodity: Oranges, Fresh	
Prices in : US Dollar		Prices in : Japanese Yen		Prices in : Japanese Yen	
Per uom: KG		Per uom: KG		Per uom: KG	
	(US Dollar/KG)		(Yen/KG)		(Yen/KG)
2008		2008		2008	
October	\$0.96	October	¥164	October
November	\$0.98	November	¥159	November	¥398
December	\$1.23	December	¥177	December	¥408
2009		2009		2009	
January	\$1.14	January	¥191	January	¥405
February	\$1.08	February	¥182	February	¥405
March	\$1.04	March	¥176	March	¥410
April	\$1.02	April	¥185	April	¥398
May	\$1.00	May	¥187	May	¥388
June	\$0.93	June	¥175	June	¥388
July	\$1.09	July	¥167	July	¥389
August	\$1.20	August	¥176	August	¥377
September		September	¥174	September	¥394
October		October		October	¥396
November		November		November	¥408

Source: Japan Customs		Source: MAFF			Source: MIC		

Import prices are average import CIF prices.

Wholesale prices are average wholesale prices at the major wholesale markets.

Retail prices are average retail prices in the Metro Tokyo area.

Policy (SPS Issues)

In Japan, the Ministry of Health, Labor and Welfare (MHLW) quarantine officials check for chemical residues on imported products through regular monitoring tests at the port of entry. In addition, imported crops, along with domestically produced crops, are also monitored at the retail level by local government laboratories.

In May 2008, MHLW quarantine officials found residues of Pendimethalin (a chemical used as an herbicide) in excess of Japan's established Maximum Residue Level (MRL) of 0.05 ppm in imports of U.S. fresh oranges. The residue level detected was 0.08 ppm. The U.S. MRL is 0.1 ppm. MRLs for crops and chemicals can be found at the following website: <http://www.mrldatabase.com/>.

As a result of this residue violation, the monitoring of Pendimethalin in imports of U.S. fresh oranges was raised from the regular monitoring sample rate of approximately 5 percent to 30 percent sampling rate. In this case, since the detected residue level was within the U.S. established MRL the sanction was only applied to the packer who incurred the violation. As a general practice, after a single MRL violation, MHLW increases testing to 30 percent on all suppliers from the violator's exporting country. In the event that a second violation occurs within a 12-month period of the first violation, MHLW imposes a 100 percent test-and-hold policy against the agricultural commodity from the entire exporting country. Additionally, if after one year from the date of the incurred violation no further violations are observed then the sanction is automatically lifted. Hence, the sanction on this single packer was lifted in May 2009.

MHLW procedures for MRL violations are stated in the MHLW Monitoring Programs for Imported Food Products. The FY2009 Monitoring Plan is available in English at <http://www.mhlw.go.jp/topics/yunyu/keikaku/09/english.html>
<http://www.mhlw.go.jp/topics/yunyu/keikaku/dl/09c.pdf>

With respect to plant quarantine issues, no major disruptions have been reported on U.S. orange trade to Japan.

Import Duties (Oranges, Fresh and Orange Juice)

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE (%)
0805.10- 000	Fresh Orange, Imports during December 1- May 31	32 %
	Fresh Orange, Imports during June 1 – November 30	16 %
2009.11- 110	Orange Juice, Frozen, Containing added sugar, Not more than 10% by weight of sucrose, naturally and artificially contained	25.5 %
2009.11- 190	Orange Juice, Frozen, Containing added sugar, Other	29.8% or 23 yen/kg, whichever is the greater
2009.11- 210	Orange Juice, Frozen, Not containing added sugar, Not more than 10% by weight of sucrose	21.3 %
2009.11- 290	Orange Juice, Frozen, Not containing added sugar, Other	25.5 %
2009.12- 110	Orange Juice, Not frozen, of a Brix value not exceeding 20, Containing added sugar, Not more than 10% by weight of sucrose, naturally and artificially contained	25.5 %
2009.12- 190	Orange Juice, Not frozen, of a Brix value not exceeding 20, Containing added sugar, Other	29.8% or 23 yen/kg, whichever is the greater
2009.12- 210	Orange Juice, Not frozen, of a Brix value not exceeding 20, Not containing added sugar, Not more than 10% by weight of sucrose	21.3 %

2009.12-290	Orange Juice, Not frozen, of a Brix value not exceeding 20, Not containing added sugar, Other	25.5 %
2009.19-110	Orange Juice, Other, Containing added sugar, Not more than 10% by weight of sucrose, naturally and artificially contained	25.5 %
2009.19-190	Orange Juice, Other, Containing added sugar, Other	29.8% or 23 yen/kg, whichever is the greater
2009.19-210	Orange Juice, Other, Not containing added sugar, Not more than 10% by weight of sucrose	21.3 %
2009.19-290	Orange Juice, Other, Not containing added sugar, Other	25.5 %
All duties are charged on a CIF basis. Source: Customs Tariff Schedules of Japan 2009.		

Lemons

PS&D Tables

Fresh Lemons/Limes, Japan	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	0	0		0	0				
Area Harvested	440	440	435	480	480	470			510
Bearing Trees	0	0		0	0				
Non-Bearing Trees	0	0		0	0				
Total No. Of Trees	0	0	0	0	0	0			0
Production*	5	5	5	5	5	5			5
Imports	60	60	62	55	55	52			55
Total Supply	65	65	67	60	60	57			60
Exports	0	0	0	0	0	0			0
Fresh Dom. Consumption	65	65	67	60	60	57			60
For Processing	0	0	0	0	0	0			0
Total Distribution	65	65	67	60	60	57			60

* Production measured in thousand metric tons.

Production

Japanese production of lemons is small, but the recent food safety scares in Chinese food products have encouraged Japanese farmers to increase production. Today, Japan produces approximately 5,000 metric tons of lemons annually in a production area of approximately 400 hectares. In MY08/09, the market share for domestic lemons was approximately 8 percent. While the quality of domestic lemons is not superior to that of U.S. and Chilean lemons, Japanese consumers tend to believe that domestic produce is safer to consume than imports. Typically, Japanese consumers perceive that since they know Japanese farmers better than overseas farmers, domestic produce is more reliable. That being said, in the current economic conditions the price competitiveness of imported products may be attractive to the more budget-conscious consumer.

Consumption

Lemons are largely consumed by the food service sector (approximately 70 percent) with the rest being consumed at homes. Per-household consumption data for lemons is not available.

Trade (Imports)

As economic conditions pushed consumers to slow their spending during the first half of MY 2008/09, a large quantity of lemons went unsold. Hence, the nation's stock level of fresh lemons was significantly high. Consequently, Japanese imports of fresh lemons in MY 2008/09 declined approximately 16 percent from the previous season. The nation's stock situation has normalized since then. Currently at 163,000 cartons, stocks are significantly lower than the record level 480,000 cartons reached in September 2008. Japanese traders expect MY 2009/10 fresh lemon imports to be approximately 55,000 metric tons, a slight increase from MY 2008/09.

Under the current economic recession, Japanese hotels and restaurants who usually consume a lot of fresh lemons have been trying to reduce their purchasing quantities of food inputs. However, lemons are somewhat considered an essential food items since they are often used as garnish at restaurants and homes.

The United States supplies fresh lemons all year round to the Japanese market, supplying approximately 70 percent of the Japan's total fresh lemon imports. In MY 2008/09, the U.S. supplied approximately 34,900 metric tons or \$45.6 million (CIF) of fresh lemons and limes to Japan.

Chile, utilizing the crop advantages of the Southern Hemisphere, also plays a major role in Japan's summer lemon market. Chile's new lemon crop comes to Japan from June through October when the U.S. lemon production is low. According to Tokyo traders, the quality of Chilean lemons is usually good. Chile supplies approximately 25 percent of Japan's total imports of lemons and limes. In MY 2008/09, Chile supplied Japan with approximately 12,800 metric tons of lemons, valued at \$14 million (CIF).

Price Tables (Lemons, Fresh)

Import CIF Prices (Average)		Wholesale Prices (Average)		Retail Prices (Average)	
Commodity: Lemons, Fresh		Commodity: Lemons, Fresh		Commodity: Lemons, Fresh	
Prices in : US Dollar		Prices in : Japanese Yen		Prices in : Japanese Yen	
Per uom: KG		Per uom: KG		Per uom: KG	
	(US Dollar/KG)		(Yen/KG)		(Yen/KG)
2008		2008		2008	
October	\$1.59	October	¥210	October
November	\$1.54	November	¥179	November	¥626
December	\$1.47	December	¥176	December	¥609
2009		2009		2009	
January	\$1.44	January	¥177	January	¥562
February	\$1.30	February	¥168	February	¥587
March	\$1.31	March	¥175	March	¥551
April	\$1.27	April	¥192	April	¥516
May	\$1.32	May	¥199	May	¥564
June	\$1.39	June	¥205	June	¥520
July	\$1.16	July	¥204	July	¥531
August	\$1.16	August	¥219	August	¥539
September		September	¥242	September	¥581
October		October		October	¥557
November		November		November	¥537
Source: Japan Customs		Source: MAFF		Source: MIC	

Import prices are average import CIF prices.

Wholesale prices are average wholesale prices at the major wholesale markets.

Retail prices are average retail prices in the Metro Tokyo area.

Policy (SPS Issues)

In April 2008, MHLW quarantine officials found residues of Pendimethalin (a chemical used as herbicide) that exceeded the established Maximum Residue Level (MRL) of 0.05 ppm in imports of U.S. fresh lemons. The residue level detected was 0.09 ppm. The U.S. MRL is 0.1 ppm. MRLs for crops and chemicals are found in the following website: <http://www.mrldatabase.com/>

As a result of this violation, the monitoring of Pendimethalin in imports of U.S fresh lemons was raised to 30 percent sampling rate from the regular monitoring sample rate of approximately 5 percent. The sanction was applied only to the packer who made the violation since the detected residue level was within the U.S. MRL of 0.1 ppm. Since the sanctioned company did not have any further violations for one year from the day of the violation, this sanction was automatically lifted in April 2009 (Kindly refer to the Orange Policy Section of this report).

With respect to plant quarantine issues, no major disruptions have been reported on U.S. orange trade to Japan.

Import Duties (Lemons, Fresh)

TARIFF CODE (HS)	DESCRIPTION	DUTY RATE (%)
0805.50-010	Fresh Lemon	Free
Source: Customs Tariff Schedules of Japan 2009.		

APPENDIX

Import Trade Matrix			
Country	Japan		
Commodity	Oranges, Fresh		
Time Period:	October - September		
Units:	Metric Tons		
Import for:	2007	Import for:	2008
U.S.	74,912	U.S.	66,382
Others		Others	
Australia	12,617	Australia	16,736
South Africa	8,720	South Africa	6,047
Chile	2,343	Chile	4,962
Italy	108	Italy	19
		Mexico	16
Total for Others	23,788	Total for Others	27,780
Others not Listed	0	Others not Listed	2
Grand Total	98,700	Grand Total	94,164
Source: Japan Customs			

Import Trade Matrix			
Country	Japan		
Commodity	Orange, Juice		
Time Period:	October - September		
Units:	Metric Tons		
Import for:	2007	Import for:	2008
U.S.	2,600	U.S.	2,805
Others		Others	
Brazil	59,377	Brazil	52,150
Mexico	3,082	Mexico	5,744

Israel	1,324	Israel	1,668
Australia	514	Italy	934
Italy	682	Australia	323
Belize	492	Belize	1,539
Spain	212	South Africa	10
Netherlands	62	Spain	372
South Africa	55	Egypt	38
Egypt	58	Netherlands	29
Total for Others	65,858	Total for Others	62,807
Others not Listed	268	Others not Listed	602
Grand Total	68,726	Grand Total	66,214
Source: Japan Customs			

Import Trade Matrix			
Country		Japan	
Commodity		Grapefruit, Fresh	
Time Period:		October - September	
Units:		Metric Tons	
Import for:		2007	Import for: 2008
U.S.	128,039	U.S.	115,592
Others		Others	
South Africa	50,067	South Africa	57,532
Israel	5,392	Israel	3,727
Swaziland	4,501	Swaziland	3,240
		Australia	3
Total for Others	59,960	Total for Others	64,502
Others not Listed	0	Others not Listed	0
Grand Total	187,999	Grand Total	180,094
Source: Japan Customs			

Import Trade Matrix			
Country		Japan	
Commodity		Lemons and Limes, Fresh	
Time Period:		October - September	
Units:		Metric Tons	
Import for:		2007	Import for: 2008
U.S.	37,439	U.S.	34,876
Others		Others	
Chile	18,360	Chile	12,795
South Africa	2,562	Mexico	1,916
Mexico	2,076	South Africa	1,723
New Zealand	1,196	New Zealand	578
Australia	176	Australia	21
China	50		

Total for Others	24,420	Total for Others	17,033
Others not Listed	0	Others not Listed	3
Grand Total	61,859	Grand Total	51,912
Source: Japan Customs			

Import Trade Matrix			
Country		Japan	
Commodity		Tangerines/mandarins, Fresh	
Time Period:		October - September	
Units:		Metric Tons	
Import for:		2007	Import for: 2008
U.S.	7,861	U.S.	7,160
Others		Others	
Australia	1,307	Australia	1,320
New Zealand	380	New Zealand	494
South Africa	285	Chile	151
Chile	156	Taiwan	81
Taiwan	82	South Korea	4
Philippines	34		
South Korea	4		
Total for Others	2,248	Total for Others	2,050
Others not Listed	0	Others not Listed	0
Grand Total	10,109	Grand Total	9,210
Source: Japan Customs			

Export Trade Matrix			
Country		Japan	
Commodity		Tangerines/Mandarins, Fresh	
Time Period:		October - September	
Units:		Metric Tons	
Export for:		2007	Export for: 2008
U.S.	218	U.S.	109
Others		Others	
Canada	4,010	Canada	2,924
Taiwan	187	Hong Kong	131
Hong Kong	163	Taiwan	90
Singapore	43	Singapore	33
Guam	19	Guam	22
Russia	7	Russia	12
New Zealand	6	New Zealand	6
Northern Mariana Islands	4	Northern Mariana Islands	5

Total for Others	4,439	Total for Others	3,223
Others not Listed	2	Others not Listed	1
Grand Total	4,659	Grand Total	3,333
Source: Japan Customs			